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SUBJECT: MERKEL WOWS "VISION FOR EUROPE" AUDIENCE

¶1. (U) SUMMARY: In her 14 November speech accepting the 2006 Vision for Europe award, German Chancellor Angela Merkel discussed her thoughts on the future of the European constitution and previewed a few priorities of the upcoming German EU Presidency. Merkel insisted the document should remain a "constitutional treaty." She also took aim at the proliferation of EU Directives. END SUMMARY

¶2. (U) Following a glowing introduction by Luxembourg Prime Minister Jean-Claude Juncker, German Chancellor Angela Merkel captivated the audience of the Vision for Europe 2006 award gala given by the Luxembourg-based Edmond Israel Foundation. Merkel first shared her thoughts on the EU Constitution underlining that she thought it had not/not been a mistake to call the new treaty a "constitution." Indeed, she said she thought it had been "courageous but correct" to call it a constitution. Merkel also discussed plans to host the Heads of State and Government at an event to adopt a political declaration on the occasion of the 50th anniversary celebration of the Treaty of Rome (25 March 2007.) The Germans hope the event will not only celebrate the successes of the EU but more importantly map out the prospects for the EU's future.

¶3. (U) Discussing reform of EU bureaucracy, another German Presidency priority, Merkel called for a reduction of the overall number of EU directives. She argued that these were burdensome and awkward, particularly for new member states who would be expected to implement "all sorts of directives" including very detailed ones of little importance. Questioning why the "acquis communautaire" was regarded as an untouchable &historical monument," Merkel urged greater flexibility. She also questioned the duration of draft EU directives. Merkel said she felt that the duration of EU directives should be coupled to the duration of a legislative period. She suggested that with the election of a new European Parliament, those EU directives which had not been passed should be set aside thus not burdening new officials with their predecessors' priorities.

¶4. (U) Merkel then turned to the subject of openness speaking mostly concerning the economy. She said that a Europe which constantly talks about democracy and openness, must act accordingly or else it risked being ignored by the rest of the world. She specifically cited &protectionist8 behavior during WTO negotiations and said that a Europe which made compromises would not only benefit itself, but also the world. Regarding economic growth, she said the only way for Europe to grow was to focus on innovation and creativity and stressed the need to remain committed to the Lisbon Strategy Agenda goal of spending three percent of GDP on research and development.

¶5. (SBU) After the speech, Ambassador Wagner spoke privately with the Chancellor and expressed to her the USG,s support for Merkel,s positive comments regarding the reform of EU bureaucracy, as well as for increased transparency in EU

decision-making. Merkel mentioned that she had just had a very good conversation with President Bush.

¶6. (SBU) COMMENT: An articulate and engaging public speaker, Merkel,s speech was a could-not-miss event for members of the Luxembourg government, officials of the local EU institutions, and the Luxembourg-based diplomatic corps. Merkel,s insistence on the use of the term constitution places her in clear contrast to recent comments made by other European leaders - a nuance not lost on the crowd. Post interpreted her comments regarding EU Directives more as a reflection of general German frustration with the pace of the EU "better regulation" program rather than a concrete proposal for reform. END COMMENT  
WAGNER